

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 1951 – HB 2163

February 22, 2016

**SUMMARY OF ORIGINAL BILL:** Requires the State Soil and Conservation Committee (SSCC) to have four ex officio members, rather than three, by including the President of the Tennessee Association of Conservation Districts. Authorizes a soil conservation district (SCD) to borrow money to acquire property, and to maintain, administer, and improve any such property acquired. Requires the SSCC to establish a limit on the total amount of indebtedness that any SCD can incur. Specifies procedures for filling vacancies and selecting successors on governing bodies for SCDs. Requires supervisors of SCDs to use the proceeds of the sale of all property when terminating a district at public auction to first satisfy any outstanding indebtedness, and then submit remaining proceeds of the sale to the state treasury as required by current law.

FISCAL IMPACT OF ORIGINAL BILL:

Increase State Expenditures - \$500/Agriculture Resources Conservation Fund

Other Fiscal Impact – To the extent Soil Conservation Districts receive state and local appropriations under current law, such appropriations could be reduced, if Soil Conservation Districts begin utilizing debt capital to finance operations in lieu of such appropriations following passage of this bill. In addition, local governments may need to appropriate additional funding to Soil Conservation Districts in order to properly service outstanding debt. The extent of these impacts is dependent upon multiple unknown factors and cannot be reasonably quantified.

**SUMMARY OF AMENDMENT (012563):** Deletes all language of the original bill. Authorizes a soil conservation district (SCD), subject to the approval of the Commissioner of the Department of Agriculture, to borrow money to acquire property, and to maintain, administer, and improve any such property acquired. Requires that all borrowings be in the form of capital outlay notes and approved by the Comptroller of Treasury, and requires the notes to be secured in the following manner: lawfully available district revenues and a guarantee of the full faith, credit and unlimited taxing power of each local government within which the district is located; or lawfully available district revenues and a statutory lien on the real property financed by the notes.

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## **FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:**

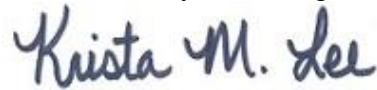
**Other Fiscal Impact – To the extent Soil Conservation Districts receive state and local appropriations under current law, such appropriations could be reduced, if Soil Conservation Districts begin utilizing debt capital to finance operations in lieu of such appropriations following passage of this bill. In addition, local governments may need to appropriate additional funding to Soil Conservation Districts in order to properly service outstanding debt. The extent of these impacts is dependent upon multiple unknown factors and cannot be reasonably quantified.**

Assumptions for the bill as amended:

- Pursuant to Tenn. Code Ann. § 43-14-202(3), “district” or “soil conservation district” means a subdivision of this state and a public body corporate and politic, organized in accordance with the “Soil Conservation Districts Law” for the purpose, with the powers, and subject to the restrictions set forth under such law.
- The legislation authorizes SCDs to borrow money for certain purposes.
- Based on the information provided by the Comptroller of Treasury, SCDs are currently funded mostly by state and local appropriations.
- To the extent funding is appropriated to SCDs under current law, a decrease in state and local expenditures could occur if SCDs utilize debt for funding operations in lieu of state and local appropriations. However, any decrease in local appropriations could be offset by subsequent increased appropriations for the purpose of servicing debt.

## **CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.



Krista M. Lee, Executive Director

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